

Bank's board of directors and committees thereof may be held in any location that is not within the United States, including its possessions and territories.

(b) *Maintenance of effort.* (1) Notwithstanding the limits on annual directors' compensation established by section 7(i) of the Act, as amended, the board of directors of each Bank shall continue to maintain its level of oversight of the management of the Bank, and, except as provided in paragraph (b)(2), the board of directors shall hold no fewer in-person meetings in any year than it has held on average over the immediately preceding three years.

(2) A Bank may apply to the Finance Board for approval, upon a showing of good cause, to hold in any year fewer than the number of in-person board of directors meetings required under paragraph (b)(1).

[64 FR 71277, Dec. 21, 1999]

**§ 932.17 Compensation and expenses of bank directors.**

(a) *Definition.* As used in this section, compensation means any payment of money or provision of any other thing of value (or the accrual of a right to receive money or a thing of value in a subsequent year) in consideration of a director's performance of official duties for the Bank, including, without limitation, daily meeting fees, incentive payments and fringe benefits.

(b) *Annual compensation policy.* Beginning in 2000 and annually thereafter, each Bank's board of directors shall adopt by resolution a written policy to provide for the payment to Bank directors of reasonable compensation for the performance of their duties as members of the Bank's board of directors, subject to the requirements set forth in paragraph (c) of this section. At a minimum, such policy shall address the activities or functions for which attendance is necessary and appropriate and may be compensated, and shall explain and justify the methodology for determining the amount of compensation to be paid to directors.

(c) *Policy requirements.* Payment to directors under each Bank's policy on director compensation may be based upon factors that the Bank determines to be appropriate, but each Bank's pol-

icy shall conform to the following requirements:

(1) *Statutory limits on annual compensation.* Pursuant to section 7(i) of the Act, as amended, for 2000, the following limits on compensation shall apply: for a Chairperson—\$25,000; for a Vice Chairperson—\$20,000; for any other member of the Bank's board of directors—\$15,000. Beginning in 2001 and for subsequent years, these limits on annual compensation shall be adjusted annually by the Finance Board to reflect any percentage increase in the preceding year's Consumer Price Index (CPI) for all urban consumers, as published by the Department of Labor. Each year, as soon as practicable after the publication of the previous year's CPI, the Finance Board shall publish notice by FEDERAL REGISTER, distribution of a memorandum, or otherwise, of the CPI-adjusted limits on annual compensation.

(2) *Compensation permitted only for performance of official Bank business.* The total compensation received by each director in a year shall reflect the amount of time spent on official Bank business, such that greater or lesser attendance at board and committee meetings during a given year will be reflected in the compensation received by the director for that year. A Bank shall not pay fees to a director, such as retainer fees, that do not reflect the director's performance of official Bank business.

(d) *Expenses.* Each Bank may pay its directors for such necessary and reasonable travel, subsistence and other related expenses incurred in connection with the performance of their official duties as are payable to senior officers of the Bank under the Bank's travel policy, except that directors may not be paid for gift or entertainment expenses.

(e) *Disclosure.* Each Bank shall, in its annual report:

(1) State the sum of the total actual compensation paid to its directors in that year;

(2) State the sum of the total actual expenses paid to its directors in that year; and

(3) Summarize its policy on director compensation.

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(f) *Approval.* Payments made to directors in compliance with the limits on annual directors' compensation and the standards set forth in this section are deemed to be approved by the Finance Board for purposes of section 7(i) of the Act, as amended.

[61 FR 43154, Aug. 21, 1996. Redesignated at 63 FR 65692, Nov. 30, 1998, as amended at 64 FR 71278, Dec. 21, 1999]

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AUTHORITY: 12 U.S.C. 1422, 1422a, 1422b, 1423, 1424, 1426, 1430, 1442.

SOURCE: 58 FR 43542, Aug. 17, 1993, unless otherwise noted.

## Subpart A—Definitions

### § 933.1 Definitions.

For purposes of this part:

(a) *Act* means the Federal Home Loan Bank Act, as amended (12 U.S.C. 1421 through 1449).

(b) *Adjusted net income* means net income, excluding extraordinary items such as income received from or expense incurred in sales of securities or fixed assets, reported on a regulatory financial report.

(c) *Aggregate unpaid loan principal* means the aggregate unpaid principal of a subscriber's or member's home mortgage loans, home-purchase contracts, and similar obligations.

(d) *Allowance for loan and lease losses* means a specified balance-sheet account held to fund potential losses on loans or leases, that is reported on a regulatory financial report.

(e) *Appropriate Federal banking agency* has the same meaning as used in 12